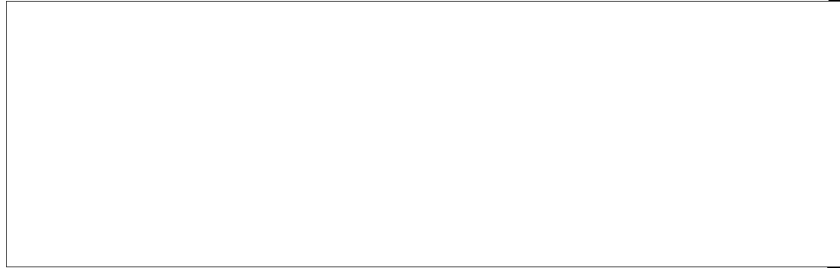




**Director of  
Central  
Intelligence**

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# **National Intelligence Daily**

***Monday  
8 March 1982***

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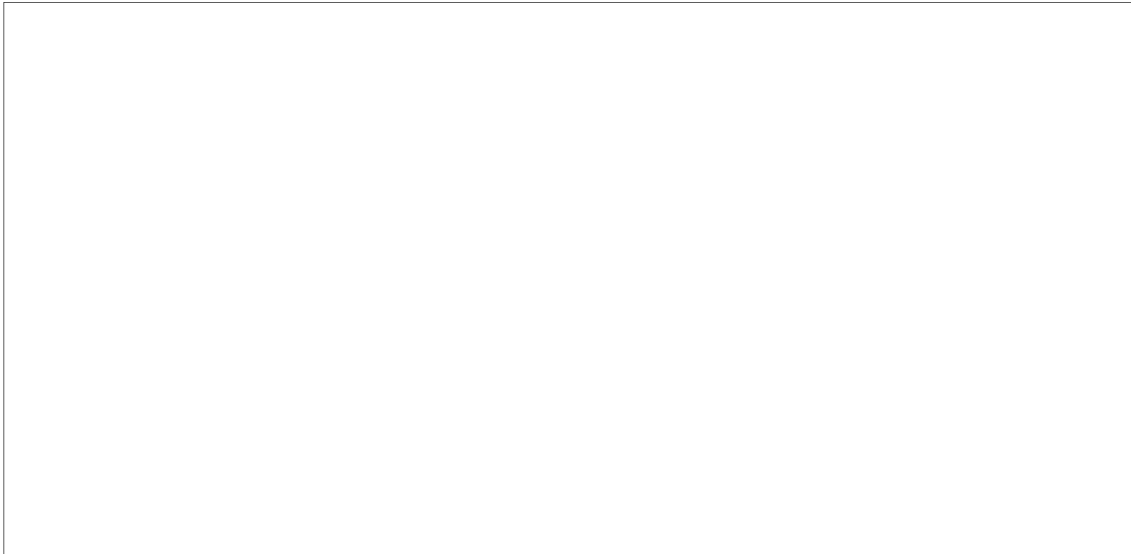
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③ COSTA RICA: Presidential Politics and the Economy

*President Carazo, apparently laying the groundwork for his role in the opposition after he leaves office in May, is attempting to saddle the incoming Monge administration with an overwhelming budget deficit that will hamper its efforts to gain outside economic assistance.* [redacted]

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Carazo is spending money allocated for the latter half of the budgetary year to fund politically popular projects that he hopes will enhance his prestige. He reportedly has promised the 7,000-man security forces, for example, a substantial pay increase retroactive from January but not payable until June. He also is seeking additional funds for the nation's universities. [redacted]

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13 The President's actions are designed to add to inflationary pressures and to reduce President-elect Monge's chances of keeping within deficit targets mandated by the IMF for a standby loan. In a recent speech [redacted] Carazo denounced the IMF and asserted that Costa Rica should resist foreign tampering with its finances. [redacted]

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Comment: Carazo is unlikely to alter his course because he believes he will profit politically when Monge enacts austerity measures against a backdrop of rising unemployment, inflation, and bankruptcies. The President probably calculates that he will be able to channel popular disillusionment toward the left--the only part of the political spectrum still open to him. [redacted]

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Carazo also realizes that the key to substantial outside aid for the Monge government is swift agreement with the IMF. The uncertainty of the size of the deficit Carazo is likely to pile up will hamper any unofficial negotiations between Monge's deputies and the Fund before the inauguration. [redacted]

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